

Operational Review of Revenue Cycle to Improve the Effectiveness and Efficiency of Company's Sales (Case Study on CV GWK)

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ABSTRACT

The national textile industry is currently under pressure due to increasing global competition and shifting consumption patterns. CV GWK, a producer of bed sheets and other bedding products, is facing challenges in maintaining operational efficiency amidst a rapidly changing market environment. This study aims to evaluate the company's sales system, accounts receivable control, inventory management, and indirect cost allocation through an operational audit using a descriptive qualitative and quantitative approach. The findings reveal weaknesses such as delivery errors in online sales, inventory management without systematic safety stock calculations, and the absence of the Activity-Based Costing method. Based on these findings, recommendations are directed toward strengthening sales control, evaluating the commission system, optimizing the role of PPIC, and implementing activity-based cost calculations.

Key words: operational review;, revenue cycle; ABC method; inventory management; efficiency; effectiveness

INTRODUCTION

Economic globalization has driven fundamental transformations in how companies operate and market their products. In the face of global competition in an increasingly competitive business world, adaptive and responsive organizational strategies are needed. This includes efficiency in resource utilization, proper production process management, and strict quality control to ensure sustainable competitiveness. In the context of the garment industry, previous research (Asmani et al., 2025) shows that effective management and high work motivation are crucial factors in achieving optimal performance.

The textile and textile products (TPT) industry is one of the strategic sectors in the Indonesian economy, contributing significantly to national export revenue. In 2019, this industry was recorded as the third largest contributor to export earnings after the oil and gas and palm oil sectors (Antara News, 2019). The integrated structure of the textile industry, from upstream to downstream, provides a competitive advantage in terms of supply chain efficiency. However, in recent years, this industry has faced serious challenges due to increased imports of textile products from abroad, especially from countries with very low production costs. The much cheaper prices of imported products have caused a shift in demand from domestic to foreign products, which has led to a sharp decline in demand and supply for local textile and garment products. Real cases such as the bankruptcy of PT Sri Rejeki Isman Tbk (Sritex) in 2024 and the rampant layoffs in various textile companies are evidence that the crisis in this sector is systemic and requires serious handling (CNN Indonesia, 2025).

According to the Secretary General of the Indonesian Textile Association (API), around 70% of textile products currently circulating in the domestic market are imported. Although the government has attempted to provide incentives and reduce tariffs, the impact has not been significant in restoring the competitiveness of the domestic industry (Antara News, 2019). This situation requires companies to improve operational effectiveness and strengthen management control systems. Management audits are one relevant approach, as they can help companies systematically assess the efficiency and effectiveness of their operational activities, while also identifying sources of inefficiency that affect performance (Bayangkara, 2014).

CV GWK was established in 2019. The company has faced challenges in maintaining its performance due to the influx of imported products and suboptimal operational efficiency. With a large workforce and complex production processes, CV GWK needs to evaluate its management systems and operational procedures, particularly in the sales, production, and cost control divisions. This study aims to evaluate the operational effectiveness at CV GWK through a management audit, focusing on sales, production cost calculations, and operational checks. The problems identified in this study include: (1) whether the procedures implemented by the sales division are optimal in terms of increasing sales; (2) whether the calculation of production cost has been carried out accurately and adequately as a basis for determining the selling price; and (3) how operational checks help the company improve the effectiveness and efficiency of sales activities. In an era of globalization marked by increasingly competitive business competition, companies are required to be able to manage operations effectively and efficiently in order to maintain competitiveness in the market.

METHOD

This study uses a descriptive method, which is an approach that aims to describe situations and problems systematically and factually according to Darwin, et al. (2021:8). This method was chosen to describe sales

activities at CV GWK and formulate recommendations to improve sales effectiveness and efficiency, thereby supporting the achievement of the company's business targets.

Data collection in this study was conducted through field studies, secondary data searches, and literature studies. Field studies included interviews with various parties at CV GWK, such as management, sales, production, and accounting departments, to obtain information related to work systems, business strategies, and operational constraints. Based on the results of interviews, observations, and documentation at CV GWK, the collected data was analyzed to evaluate the effectiveness and efficiency of sales activities, ranging from credit policies, pricing, to delivery of goods. This analysis aims to identify potential improvements and develop recommendations for management. In addition, an evaluation of the calculation of the cost of production was carried out to ensure that the selling price covers all production costs and a reasonable profit margin. This research uses an operational examination approach with stages of planning, work program preparation, field implementation, to the development of findings and recommendations, based on five main attributes: conditions, criteria, causes, impacts, and recommendations. The results of this study are expected to provide a basis for more accurate decision making and encourage improved sales performance at CV GWK.

RESULTS AND DISCUSSION

The operational examination in this research related to the sales cycle was conducted in four stages, namely:

1. Planning phase
2. Work program phase
3. Field work phase
4. Development of review findings and recommendation phase

Based on Reider's principle, auditors identify critical areas through a preliminary review to determine the focus of the audit. In the context of CV GWK, the sales cycle was identified as the main critical problem area because it was proven to have a direct impact on operational and financial performance.

The decline in sales since 2023, accompanied by workforce reductions, production delays, and difficulties in collecting receivables, indicates that sales are not only inefficient but also have a systemic effect on all business functions. Therefore, the audit is directed at specifically evaluating weaknesses in the sales system and seeking opportunities for improvement.

In addition, the planning stage also revealed a number of field obstacles such as unsynchronized stock issues in the marketplace, weak customer communication, and changes in the status of salespeople to freelancers, which led to a decline in motivation and a lack of control over targets. Based on these initial findings, the auditors developed an audit plan focused on sales as the central point for corrective action.

Several work plans were developed in this study to ensure that it would run effectively and efficiently. The audit work program was as follows:

1. Conducting an interview with the Executive Manager of CV GWK to discuss policies and procedures related to the company's sales system.
2. Conduct interviews with the sales department of CV GWK to explore obstacles and effectiveness in the sales process.
3. Conduct interviews with the production department to discuss the process of producing customer orders, identify obstacles encountered, and explore strategies to ensure smooth production operations.
4. Conduct interviews with the accounting department regarding the financial reporting system, cash management, and management of the company's accounts receivable and accounts payable.
5. Conducting direct observations to identify existing operational activities within the company.
6. Performing analysis on financial statement data to assess sales occurring within the company.
7. Performing cost of production calculations as a basis for determining selling prices.

Performing cost of production calculations as a basis for determining selling prices. This operational audit successfully identified fifty-five (55) weaknesses in CV GWK's sales cycle, which were then grouped into the following five categories of findings:

1. An unstructured sales system and inadequate customer service.
2. Lack of product innovation, weak promotion, and inability to compete in the e-commerce ecosystem.
3. Selling prices that are not supported by appropriate and accurate cost of production calculations and a lack of efficiency efforts in the production process.
4. Weak financial management control, high uncollectible accounts receivable, and an ineffective internal control system.
5. Suboptimal inventory management and the absence of structured raw material planning.

From the weaknesses that have been identified, they will be grouped into five findings in the CV GWK sales cycle, namely:

No	Findings	Conditions	Criteria	Cause	Effect	Rekomendasi
1	Unstructured sales system and inadequate customer service	a. Weak sales coordination without permanent staff. b. Slow customer response and poor service. c. Packaging errors reduce operational efficiency. d. Sales increase, marketing effectiveness decreases.	a. Combination of permanent and freelance workers. b. Results-based commission and full responsibility. c. Packaging SOP with multiple layers of verification. d. Delivery schedule based on production estimates.	a. Financial instability and cost cutting. b. Lack of supervision and accountability. c. No double checking of packaging. d. Competition from cheap imports undermines competitiveness. e. Poor coordination causes delivery delays.	a. Freelancers lack commitment and consistency. b. Administrative burdens increase due to additional tasks. c. Return costs rise, efficiency declines. d. Consecutive losses disrupt financial conditions. e. Delivery delays reduce customer satisfaction.	a. Maintain a stable workforce with measurable targets. b. Freelancers are fully responsible for sales. c. Implement double-checking before delivery. d. Continuous product innovation and cost efficiency. e. Pseudo profit center system for performance evaluation.
2.	Lack of product innovation, weak promotion, and inability to compete in the e-commerce ecosystem.	a. Too focused on offline sales, not yet adapted to online sales. b. Limited product innovation due to supplier dependence. c. Minimal promotion, low brand awareness. d. No strategy to deal with cheap imported products. e. Declining sales without management evaluation.	a. Focus on growing online sales. b. Regularly update designs and fabric patterns. c. Promote consistently with measurable strategies. d. Reduce production costs without compromising quality.	a. Management focuses on offline activities without digital research. b. There is no innovation and benchmarking division. c. Reluctance to invest in online promotion. d. Imported products are considered equivalent without analysis. e. Lack of responsiveness to import challenges.	a. Missed opportunities for online market expansion. b. Lack of innovation reduces customer loyalty. c. Passive promotion reduces visibility and sales. d. Declining sales threaten cash flow and profits.	a. Shift focus to online sales through digital platforms. b. Conduct regular market surveys for product development in line with trends. c. Utilize relevant influencers and content marketing. d. Evaluate operations with value-added analysis.

3.	Pricing that is not supported by accurate and appropriate cost calculations and a lack of efficiency in the production process.	<ul style="list-style-type: none"> a. Non-value-added activities cause inefficiency. b. Machine capacity is idle without follow-up. c. Production tools are not sophisticated and waste labor. d. Inaccurate HPP causes incorrect selling prices. e. HPP is not adjusted to actual raw materials. 	<ul style="list-style-type: none"> a. Eliminate activities that do not add value. b. Sell unused machines and tools. c. Invest in cost-efficient production machinery. d. Implement activity-based costing. 	<ul style="list-style-type: none"> a. Unaware of non-value-added activities. b. Lack of attention to outdated production equipment. c. Declining demand hinders investment in machinery. d. No experts to calculate accurate COGS. e. Executive managers have not had time to adjust COGS. 	<ul style="list-style-type: none"> a. No efficiency, high cost of goods sold makes it difficult to compete. b. Unsold machines increase storage costs. c. Outdated production equipment causes waste and defects. d. Incorrect selling prices cause repeated losses. 	<ul style="list-style-type: none"> a. Use activity-based costing for accurate cost of goods sold. b. Sell unused machinery or increase capacity according to demand.
4.	Weak financial management control, high levels of uncollectible accounts receivable, and ineffective internal control systems	<ul style="list-style-type: none"> a. CV GWK has suffered losses for years. b. Profit center targets are unrealistic and lack clear indicators. c. Cash checking is weak and documentation is lacking. d. Uncollectible accounts receivable lack a strict enforcement policy. e. Payment PIN access is not properly restricted. 	<ul style="list-style-type: none"> a. Conduct a comprehensive business feasibility analysis. b. Evaluate the performance and targets of each profit center. c. Monitor petty cash expenditures regularly. d. Apply late fees for accounts receivable. e. Maintain the confidentiality of financial transaction authorization PINs. 	<ul style="list-style-type: none"> a. High operating costs worsen finances. b. Minimal evaluation and coordination reduce performance. c. Small cash amounts are not monitored by management. d. Uncollectible accounts receivable due to declining store sales. e. Token leakage causes risk of misuse. 	<ul style="list-style-type: none"> a. Ongoing losses threaten business continuity. b. Unrealistic targets reduce motivation and productivity. c. Small cash amounts are prone to misuse without regular checks. d. Accumulated accounts receivable reduce company liquidity. e. Free access to tokens has the potential for transaction manipulation. 	<ul style="list-style-type: none"> a. Evaluate the feasibility of repairs or liquidation options. b. Change token PINs and restrict authorization access. c. Develop a performance appraisal system with HR. d. Actively collect receivables and encourage online sales.
5.	Suboptimal inventory management and lack of structured raw material planning	<ul style="list-style-type: none"> a. Stock management is unstructured and inaccurate. b. Fabric purchases are made without planning production needs. c. Finished goods pile up and turnover is slow. d. Jubelio stock synchronization is not yet optimal. e. Excess stock of accessories causes warehouse waste. 	<ul style="list-style-type: none"> a. Implement a structured inventory calculation system for raw materials, finished goods, and accessories. b. Ensure inventory accuracy through regular updates and optimization of the Jubelio system. c. Manage accessories efficiently with flexible designs to prevent waste. d. Optimize inventory management to reduce costs and maintain the value of goods. 	<ul style="list-style-type: none"> a. Inventory management is not systematic b. Raw material purchases are not planned c. Finished goods pile up in the warehouse d. Jubelio synchronization is not optimal e. Packaging design is inefficient 	<ul style="list-style-type: none"> a. Increased risk of overstocking or stockouts b. High dependence on suppliers c. Damaged products and risk of dead stock d. Inaccurate stock information in e-commerce e. Packaging piles up and wastes money 	<ul style="list-style-type: none"> a. Implement a stock system using a measured method b. Develop a planned fabric purchasing schedule c. Conduct promotions to reduce old stock d. Monitor stock data updates and synchronization

CONCLUSION

The main conclusion from the operational audit results at GWK shows that although the sales cycle procedures cover important stages, their implementation is still ineffective because the stock recording and tracking systems are not well integrated between online and offline sales. Another problem arises in accounts receivable management, which does not use an automated monitoring system, thereby worsening cash flow. In addition, the inventory control strategy is not yet efficient because many slow-moving products are not immediately promoted or rotated, causing stockpiling and losses. The pricing strategy is also not yet based on accurate COGS calculations, and digital marketing activities have not been optimally utilized. Through operational checks, it was found that bundling strategies are more effective at reducing losses than individual discounts, as they can accelerate stock turnover and increase cost efficiency. Overall, operational audits play an important role in providing data-driven strategic direction so that CV GWK can improve its sales system, strengthen inter-division integration, and continuously improve operational effectiveness and efficiency.

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